

**Business Improvement Districts (BIDs)**

**Agenda Item 5c**

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**Background Papers:-** ODPM Consultation Paper - Draft Improvement Districts 2004.  
 Reports to Braintree District Business Council, 5<sup>th</sup> December 2005 and 15<sup>th</sup> May 2006.  
 Report to Management Board, 17<sup>th</sup> October 2006.

**Financial Implications:-** Yes. £11,560 in 2007/8 (See Appendix 2 for detail)

**Equalities Implications:-** No

**Legal Implications:-** Yes:  
 1) Any levy added to the NDR to support the BIDs project and not collected by the Authority is considered to be a Statutory Debt.  
 2) The Authority would have a non-executive role and voting rights on any company which is formed to deliver the BIDs project.

**Options:**

- 1) To endorse and actively support the Witham BIDs detailed in this report, and include all costs associated with the project in the Council's financial estimates.
- 2) To support the project but recharge all administration costs, as detailed in Appendix 2, to the Company with responsibility for delivering the project (not BDC).
- 3) To support the 5-year project and make provision to meet identified administration costs until the end of year 3, 2010/11. Conduct a review of the project during January 2011 and give consideration to supporting the project for a further 2 years.
- 4) To resist the implementation of a Business Improvement Districts (BIDs) project in Witham.

**Risks:** Financial risk of circa £11,560 (inc. £5,000 Capital) in 2007/8 regardless of whether or not the project goes ahead.

**EXECUTIVE SUMMARY**

BIDs enable local authorities to raise a levy, in addition to the business rate, which is then invested locally on a specific project. These projects, which usually have a town centre or industrial site focus, must address the government's Cleaner, Safer, Greener Communities policy, and can provide initiatives for transport, security, environmental improvements, and crime reduction initiatives. The levy cannot be used to fund any statutory services including street cleaning, litter picking, nameplate maintenance and grass cutting. BIDs projects are business led and can run for up to 5 years on a specific site. Projects are delivered by a (small) business set up for that purpose. BIDs schemes are implemented by a simple majority in a postal ballot of all ND ratepayers who will be liable to pay the additional levy.

**DECISION**

To endorse and actively support the Witham Industrial Watch Group proposal to initiate a BIDs project in Witham, and to make provision for additional revenue and capital costs, detailed in this report, in the Council's financial estimates from April 2007 to March 2013.

**Proposal by Witham Industrial Watch Group to Initiate a Business Improvement Districts (BIDs) project for businesses located on the Freebournes Road, Crittall Road and Eastways industrial sties, Witham.**

### **1. Purpose of report**

To present Cabinet with a proposal to support the implementation of a Business Improvement Districts (BIDs) project in partnership with Witham Industrial Watch Group (WIWG).

### **2. Decision required**

To endorse the District Council's involvement in the BIDs project, in partnership with the Witham Industrial Watch Group, and to allocate appropriate staffing and financial resources to support the 5-year project, as detailed in this report.

### **3. Background to Proposal**

The Business Improvement Districts (BIDs) initiative is based on an American model where 'businesses in a designated area contribute additional money through the rating system to spend on improvements or additional services of their choice which would otherwise not be provided e.g. security, transport, and environmental improvements'. The BIDs must be led and managed by the private sector and have a simple majority of businesses in the designated area agreeing to the BIDs and agreeing to pay the additional levy.

The BIDs must take place in a defined geographical area e.g. an industrial estate, or a town centre in which all business ratepayers are eligible to vote. If the vote is successful, the local authority is required to collect a supplementary levy on the business rate which is passed on to the BIDs project. BIDs projects reaching the voting stage are required to register with the Secretary of State 84 days prior of going to the ballot.

Leadership Group should note that the BIDs concept would allow a very focused approach in regenerating one of the key industrial locations in the District which employs an estimated 2500 people and currently accommodates some 300 businesses.

### **4. Resource implications**

Regardless of whether the proposal is successful or not, there will be additional administration costs for the Financial Services department (NDR) during 2007/8, and officer time issues for the Economic Development & Rural Policy Unit.

Financial Services will incur costs for assisting with BIDs data preparation, software changes to administer the BIDs, billing, and finally the collection of levies throughout the 5-year life of the project. The officer time issues for the Economic Development & Rural Policy Unit will be connected to the support which will have to be given to the Witham Industrial Watch Group, mainly to help them prepare and implement the project, but during subsequent years to monitor outcomes and support the work of the steering group delivery team in a non-executive capacity.

It is anticipated that the Economic Development Manager (EDM) would be the Council's Lead Officer responsible for the BIDs.

Until the size of a BID proposal is established officers are not in a position to provide any firm details on additional costs. The total cost of the project to the Council, revenue and capital, is estimated at £100,927. The current estimation (Appendix 2) for additional expenditure required during 2008/9, assuming that the business community wish to proceed with the BIDs, is £34,833. Years 2 to 5, of the 5-year project, will average at £13,633 pa. The 5-year average cost pa of the project is estimated at £17,873 which includes provision for 'exceptional' bad debts. This is made up of staffing costs for billing and recovery, software, and annual computer/software maintenance, but excludes inflation.

The additional cost of preparatory work carried out by officers in Financial Services in 2007/8, which will be incurred whether or not the Group decide to take the project further than the first stage of gathering data, assisting with the preparation of a draft BIDs Business Plan, and balloting costs is estimated at £11,560. This includes a one-off capital cost of £5,000 to purchase the necessary software required for collection of the levy through the NDR system. It is worth noting that the software and set up costs of this BID would be shared by other BIDs projects, should others be approved during the same period.

It is not anticipated that the Economic Development & Rural Policy Unit would incur any additional costs during the life of the BIDs project. The recent award from the Business Growth Initiative (LABGI) has already enabled the Council to sponsor representatives from an established BIDs project in Hainault, London, to speak at a business meeting held in Witham earlier in the year, and it is anticipated that some of the remaining funding would support similar events/initiatives which would help to drive forward this project, and perhaps others, which may arise in the next 2/3 years. Consideration is currently being given to (LABGI) funding some of the costs of high-profile signage.

Expenditure Summary:

|         |         |                                  |
|---------|---------|----------------------------------|
| 2007/8  | £11,560 | (£6,560 Revenue, £5,000 Capital) |
| 2008/9  | £34,833 | (Revenue)                        |
| 2009/10 | £13,195 | (Revenue)                        |
| 2010/11 | £13,484 | (Revenue)                        |
| 2011/12 | £13,777 | (Revenue)                        |
| 2012/13 | £14,078 | (Revenue)                        |

(Detail at Appendix 2)

## 5. The Witham Proposal

Witham Industrial Watch Group (WIWG) is a partnership of local businesses, Essex Police and the Witham Chamber of Commerce. WIWG was established in 2005 to tackle serious issues of theft, criminal damage and vandalism on Witham industrial sites. The Group has since identified a number of crime 'hot spots' and is working closely with Essex Police to raise awareness of crime prevention measures with the aim of reducing vandalism and criminal activity.

The Group has already established an email distribution list which alerts other businesses based on Freebournes Road, Crittall Road and Eastways of potential or 'it's happening now!' criminal activity. This initiative has been applauded by Essex Police as a model of best practice in Essex.

The Business Improvement Districts (BIDs) initiative was introduced to the Group in January 2006 by the Council's Economic Development Manager (EDM) as a 'sustainable' way of funding initiatives which would have a major impact on the key industrial areas of Witham.

The District Council subsequently sponsored an open meeting to discuss the BIDs proposal. This was held on Friday 12<sup>th</sup> May 2006 at Brantham Engineering, Witham. The meeting attracted a total of 20 delegates, with representatives of businesses based on the Eastways, Crittall Road and Freebournes Road industrial areas, as well as Essex Police and the Witham Town Mayor, Cllr Phil Barlow.

At the conclusion of the meeting, it was agreed that the Witham Industrial Watch Group would organise a further meeting to discuss the outcome of the open meeting, and, if appropriate, to establish a Steering Group to take the project forward. In the meantime it was agreed that the District Council would be approached to determine the total number of businesses in the proposed BIDs area, and to seek an estimate of the rateable value/potential income from a fixed or percentage levy (attached as Appendix 1), and to make contact with Business Link to seek resources which would support the initial research project.

## **6. Progress To Date**

The District Council has now taken a lead role in the work of the Group. The EDM chaired a recent meeting when it was agreed that the Group would adopt a formal constitution. This would enable WIWG to open a bank account and manage funds which businesses may wish to contribute to the early stages of the project. This would also present the Group with opportunities to bid for external funding.

A local high street bank has offered to fund the purchase of one wireless CCTV camera which could be fixed on the Freebournes Road estate. This contribution is valued at circa £15,000 but at the moment there are no other funds available to meet the running or monitoring costs. The meeting was very supportive of the offer, and felt that other businesses would support the project if there was clear evidence of actions being taken to address issues of crime and vandalism.

Business Link Essex has offered to fund a further open meeting of businesses and has indicated its support in helping the Group to set up a business to deliver the project.

With District Council support, the Group will be conducting a full audit of businesses over the next 6-9 months and will be seeking to raise funds for high profile projects, for example signage and low level security initiatives, through a membership scheme and by bidding to regional agencies as and when opportunities arise. The Group will be attempting to raise the profile of their activities as a precursor to launching the BID. Experience from the Windsford and Hainault project teams suggest that this is the most appropriate way to achieve a yes vote from the business community.

## **7. Likely impact of the project**

The early focus of the Group will be on crime prevention. It is expected that businesses would initially opt for major capital investment in monitored CCTV systems, and then to focus on infrastructure issues. There is also enthusiasm for business support services to be available in Witham.

The EDM has been asked by the Group to register its interest in joining with BDC in the review of the district's CCTV provision, and to include at least 3 new cameras in the equation. This has already been actioned through the Council's Exchequer Manager.

Depending on the funding model adopted by the group (see Appendix 1), the project could raise in excess of £730,000 over the 5 years of the project.

The Hainault and Windsford BIDs have managed to attract additional match funding from other agencies, including the regional development agencies and their respective local authorities. Research has shown that businesses have also been more supportive of local initiatives. There are also many examples where organisations and individuals have made additional contributions in both cash and kind to specific projects within a BIDs area.

It is anticipated that at least £1,000,000 could be generated by the project to address issues connected with crime reduction, environmental and infrastructure improvements by way of levy and external match funding, during the 5-year life of the project.

## 8. Timeline

|           |  |
|-----------|--|
| 2006/7    | Witham Industrial Watch Group to adopt formal constitution and elect a Chair person and Steering Group. Organise and deliver events to raise profile of the Groups work and ambitions for the BIDs. Seek sponsorship for 'quick wins' and event promotion.   |
| 2007/8    | WIWG to consult with all businesses and stakeholders and produce a 5-year Business Plan for the delivery of the project. Identify funding and partnership working opportunities for 'quick win' improvements to the 3 industrial areas, e.g., signage. Complete ballot process and, assuming YES vote is achieved, prepare billing information.<br>Appoint Project Manager and elect Steering Group. |
| 2008/9    | Launch project (April 2008)  |
| 2008/2013 | Deliver Project  |

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~~2<sup>nd</sup> November 2006~~

Revised (1) 22<sup>nd</sup> January 2007

## Witham Industrial Watch Group

### BIDs Levy

#### Winsford Model:

| Company Rateable Value | Annual Levy |
|------------------------|-------------|
| £400,000 +             | £1750       |
| £250,000-£400,000      | £1450       |
| £100,000-£250,000      | £1199       |
| £50,000-£100,000       | £799        |
| £25,000-£50,000        | £550        |
| £10,000-£25,000        | £350        |
| £5,000-£10,000         | £250        |
| < £5,000               | £199        |

#### Hainault Model:

Business premises with an RV of £100,000 or more pay a maximum levy of £1000.00, subject to review after year 3

Business premises with an RV of £99,999 or less pay a maximum levy of 1%, subject to review after year 3

#### Number of Business Premises with Rateable Values:

|                      | No. |                    | No. |                  | No. |
|----------------------|-----|--------------------|-----|------------------|-----|
| £600,000 to £700,000 | 1   | £70,000 to £79,999 | 5   | £5,000 to £9,999 | 63  |
| £500,000 to £599,999 | 1   | £60,000 to £69,999 | 6   | £2,000 to £4,999 | 54  |
| £400,000 to £499,999 | 3   | £50,000 to £59,999 | 12  | Less than £2000  | 3   |
| £300,000 to £399,999 | 5   | £40,000 to £49,999 | 11  |                  |     |
| £200,000 to £299,999 | 6   | £30,000 to £39,999 | 24  |                  |     |
| £100,000 to £199,999 | 13  | £20,000 to £29,999 | 28  |                  |     |
| £90,000 to £99,999   | 6   | £15,000 to £19,999 | 17  |                  |     |
| £80,000 £89,999      | 6   | £10,000 to £14,999 | 37  |                  |     |

| BIDs Area RATEABLE VALUE | Annual Levy @ 1% | Annual Levy @ 0.5% | Annual Levy using the Hainault model | Annual Levy using the Winsford model |
|--------------------------|------------------|--------------------|--------------------------------------|--------------------------------------|
| £13,492,775              | £134,928         | £67,464            | £87,693                              | £146,542                             |

**Witham Industrial Watch  
BIDs Proposal**

|  |                | Project Year   |                |                |                |                | 5 year average  |
|--|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
|  | 2007/8         | 1<br>2008/9    | 2<br>2009/10   | 3<br>2010/11   | 4<br>2011/12   | 5<br>2012/13   |                 |
| <b>Estimated Expenditure</b>   | <b>2007/8</b>  | <b>2008/9</b>  | <b>2009/10</b> | <b>2010/11</b> | <b>2011/12</b> | <b>2012/13</b> |                 |
| <b>Pre Ballot costs (preparation / Information for analysis)</b>     | 2000           |                |                |                |                |                | -               |
| Balloting costs (estimated £15 per business)                         | 4560           |                |                |                |                |                | 912             |
| Accountancy & Audit fees (estimated £5 per business)                 |                | 1520           | 456            | 467            | 479            | 491            | 683             |
| <b>Software purchase (Capital)</b>                                   | 5000           |                |                |                |                |                |                 |
| Proportion of NDR system Mainframe                                   |                | 1000           | 300            | 308            | 315            | 323            | 1,000           |
| Billing & Recovery   |                | 15,000         |                |                |                |                |                 |
| Annual Computer software maintenance                                 |                | -              | 4,000          | 4,100          | 4,203          | 4,308          | 3,322           |
| Implementation costs   |                | 15,000         |                |                |                |                |                 |
| Annual costs   |                |                | 6,080          | 6,202          | 6,326          | 6,452          | 5,012           |
|  |                | <b>32,520</b>  | <b>10,836</b>  | <b>11,077</b>  | <b>11,322</b>  | <b>11,574</b>  | <b>£ 15,466</b> |
| Average Bad debt provision (estimated 0.75% of total)                |                | 1,850          | 1,896          | 1,944          | 1,992          | 2,042          | 1,945           |
| Exceptional Bad debt provision (estimated at extra 25% of provision) |                | 463            | 463            | 463            | 463            | 463            | 463             |
|  |                | <b>2,313</b>   | <b>2,359</b>   | <b>2,406</b>   | <b>2,455</b>   | <b>2,505</b>   | <b>2,407</b>    |
| Annual cost for NIL output   | <b>£11,560</b> | <b>£34,833</b> | <b>£13,195</b> | <b>£13,484</b> | <b>£13,777</b> | <b>£14,078</b> | <b>£ 17,873</b> |

**Appendix 2**